

# **STATE OF LOUISIANA LEGISLATIVE AUDITOR**

**Athletic Department  
Nicholls State University  
State of Louisiana  
Thibodaux, Louisiana**

March 7, 2001



***Financial and Compliance Audit Division***

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***Daniel G. Kyle, Ph.D., CPA, CFE  
Legislative Auditor***

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### **LEGISLATIVE AUDITOR**

**Daniel G. Kyle, Ph.D., CPA, CFE**

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**ATHLETIC DEPARTMENT  
NICHOLLS STATE UNIVERSITY  
STATE OF LOUISIANA**  
Thibodaux, Louisiana

Financial Statement and  
Independent Auditor's Report  
For the Year Ended June 30, 2000

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge and New Orleans offices of the Legislative Auditor and at the office of the parish clerk of court.

March 7, 2001

**ATHLETIC DEPARTMENT  
NICHOLLS STATE UNIVERSITY  
STATE OF LOUISIANA**

Financial Statement and  
Independent Auditor's Report  
For the Year Ended June 30, 2000

**CONTENTS**

	<b>Statement</b>	<b>Page No.</b>
Independent Auditor's Report on Applying Agreed-Upon Procedures		2
Financial Statement - Statement of Revenues and Expenditures (Unaudited)	A	7
Notes to the Financial Statement (Unaudited)		8



DANIEL G. KYLE, PH.D., CPA, CFE  
LEGISLATIVE AUDITOR

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January 31, 2001

Independent Auditor's Report on  
Applying Agreed-Upon Procedures

**DR. DONALD J. AYO, PRESIDENT**  
**NICHOLLS STATE UNIVERSITY**  
**STATE OF LOUISIANA**  
Thibodaux, Louisiana

We have audited the general purpose financial statements of Nicholls State University, a component unit of the State of Louisiana reporting entity, as of and for the year ended June 30, 2000, and have issued our report thereon dated December 1, 2000. As requested by the university, we have also performed the procedures, as enumerated below, which were agreed to by management of the university. These procedures were applied to the accounting records and internal controls of Nicholls State University Athletic Department and to the related outside organizations created for or in behalf of the university's Intercollegiate Athletic Programs for the year ended June 30, 2000, solely to assist the university in complying with NCAA Bylaw 6.2.3.1. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of management of Nicholls State University. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and associated findings are as follows:

**STATEMENT OF REVENUES AND EXPENDITURES**

1. We obtained written representations from management as to the fair presentation of the statement of revenues and expenditures of the Intercollegiate Athletics Program for the year ended June 30, 2000, as shown on Statement A. We also verified the mathematical accuracy of the amounts on the statement and agreed the amounts to the university's general ledger.

We found no exceptions as a result of these procedures.

2. We compared the statements of revenues and expenditures of the Intercollegiate Athletic Programs for June 30, 1999, and June 30, 2000, to identify variances of 5% or greater between individual revenue and expenditure accounts of each fiscal year. As a result of our procedure, we identified variances of 5% or greater in the following accounts:

## LEGISLATIVE AUDITOR

DR. DONALD J. AYO, PRESIDENT  
NICHOLLS STATE UNIVERSITY  
STATE OF LOUISIANA  
Audit Report, June 30, 2000

### Revenues

Gate receipts  
Guarantees  
Commissions  
NCAA receipts  
In-kind contributions  
Miscellaneous

### Expenditures

Personal services:  
    Salaries  
    Related benefits  
Travel  
Supplies  
Professional services  
Guarantees  
Other charges  
Equipment

3. We compared the budgeted revenues and expenditures to actual revenues and expenditures for the year ended June 30, 2000, to identify any variances of 5% or greater. As a result of our procedure, we identified variances of 5% or greater in the following accounts:

### Auxiliary Fund

#### Revenues

Gate receipts  
Guarantees  
Private gifts  
NCAA receipts  
Miscellaneous

#### Expenditures

Travel  
Operating services  
Supplies  
Professional services  
Other charges  
Salaries



## LEGISLATIVE AUDITOR

DR. DONALD J. AYO, PRESIDENT  
NICHOLLS STATE UNIVERSITY  
STATE OF LOUISIANA  
Audit Report, June 30, 2000

4. We obtained from university management a list of contributions received by the athletic department to identify any individual contributions that constituted more than 10% of the total contributions.

Four individual contributions exceeded 10% (\$8,036) of the total contributions as follows:

<u>Corporate Sponsorship</u>	<u>Amount</u>
First American Bank	\$8,500
Thibodaux Medical Center	10,500
Mobile Tel	10,000
State Farm	10,020

### INTERNAL CONTROL - POLICIES AND PROCEDURES RELATING TO INTERCOLLEGIATE ATHLETICS - AGREED-UPON PROCEDURES

5. We made inquiries of management and obtained the university's organization chart, employee job descriptions, and written athletic department policies and procedures to identify aspects of internal control unique to the university's intercollegiate athletics department and to detect deficiencies in the components of those controls.

We detected no deficiencies in the components of the internal controls unique to the university's intercollegiate athletics department.

6. We performed tests of controls unique to the university's intercollegiate athletics department to determine adherence to established policies and procedures related to revenues and expenditures:

- a. We selected the largest revenue transaction for gate receipts and followed it through the university's revenue/receipts control system to determine adherence to established policies and procedures.

We found no exceptions as a result of this procedure.

- b. We selected the ten largest athletic department cash disbursements. We followed these transactions through the university's accounting system to determine adherence to established policies and procedures.

We found no exceptions as a result of this procedure.

## LEGISLATIVE AUDITOR

**DR. DONALD J. AYO, PRESIDENT**  
**NICHOLLS STATE UNIVERSITY**  
**STATE OF LOUISIANA**  
Audit Report, June 30, 2000

- c. We conducted inquiries and observations of the athletic department personnel to determine their compliance with policies and procedures relating to the control and safeguarding of unsold tickets.

We found no exceptions as a result of this procedure.

7. We inquired of management about the involvement of the university's internal auditor in the Intercollegiate Athletics Programs.

There were no audit reports issued this fiscal year in relation to the athletic department's operations.

8. We obtained the university's procedures for gathering information on the nature and extent of booster group activity for or in behalf of the university's Intercollegiate Athletics Program to identify deficiencies in the design of those procedures.

We found no deficiencies in the design of the university's procedures for gathering information on the nature and extent of booster group activities for or in behalf of the university's Intercollegiate Athletics Program.

### **EXPENDITURES OF OUTSIDE ORGANIZATIONS MADE FOR OR IN BEHALF OF NICHOLLS STATE UNIVERSITY INTERCOLLEGIATE ATHLETICS PROGRAM**

9. We obtained written representation from management of the university that the Nicholls Colonel Club was the only outside organization created for or in behalf of the athletic department.
10. We obtained from representatives of the outside organization statements of cash receipts and disbursements with written representations as to the fair presentation of the statements. We compared the cash disbursements made by outside organizations for or in behalf of the athletic department to the revenues reported on the university's Statement of Revenues and Expenditures (Statement A).

We found no exceptions as a result of this comparison.

11. We compared the direct payments of the outside organization to the university with the revenues reported on the university's Statement of Revenues and Expenditures (Statement A).

We found no exceptions as a result of this comparison.



LEGISLATIVE AUDITOR

DR. DONALD J. AYO, PRESIDENT  
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STATE OF LOUISIANA  
Audit Report, June 30, 2000

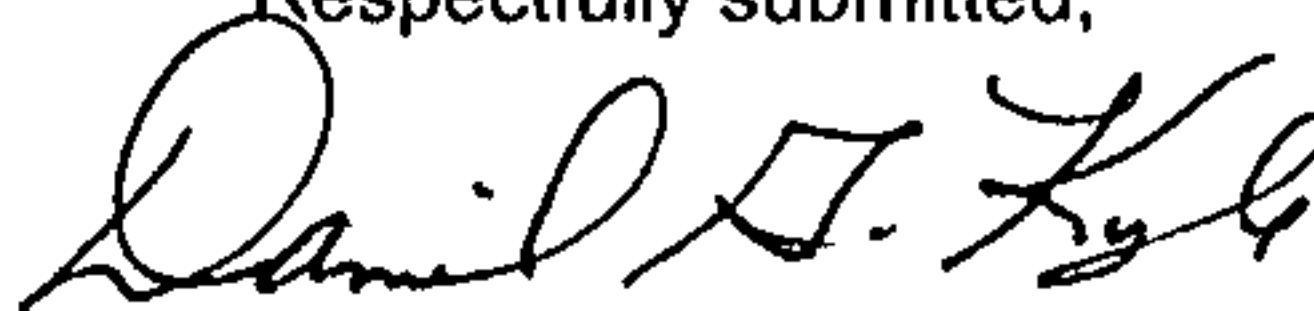
12. We obtained the outside organization's independent auditor's reports to identify any reportable conditions relating to the outside organization's internal controls.

The Nicholls Colonel Club is an account within the Nicholls State University Foundation. The financial statements of the Nicholls State University Foundation, Incorporated, were audited by an independent certified public accounting firm for the year ended June 30, 2000. The audit report is dated August 15, 2000, and included no reportable conditions relating to the outside organization's internal controls.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the statement of revenues and expenditures of the Nicholls State University Athletic Department. Accordingly, we do not express such an opinion. Also, we express no opinion on Nicholls State University's internal controls over financial reporting or any part thereof. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of Nicholls State University and is not intended to be and should not be used by anyone other than management of the university. Under Louisiana Revised Statute 24:513, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE  
Legislative Auditor

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## UNAUDITED

## Statement A

**ATHLETIC DEPARTMENT  
NICHOLLS STATE UNIVERSITY  
STATE OF LOUISIANA**

**Statement of Revenues and Expenditures  
For the Year Ended June 30, 2000**

	(PORTION OF) CURRENT FUNDS - UNRESTRICTED - AUXILIARY	ATHLETIC AGENCY FUND	TOTAL (MEMORANDUM ONLY)
<b>REVENUES</b>			
Education and general transfers	\$2,014,213		\$2,014,213
Gate receipts	105,680		105,680
Guarantees	349,000		349,000
Commissions	6,301		6,301
NCAA receipts	92,634		92,634
In-kind contributions (note 6)		\$34,500	34,500
Outside funds		253,616	253,616
Miscellaneous	32,430		32,430
Total revenues	<u>2,600,258</u>	<u>288,116</u>	<u>2,888,374</u>
<b>EXPENDITURES</b>			
Personal services:			
Salaries	998,084	50,807	1,049,891
Related benefits	196,819	9,127	205,946
Travel	279,295	68,613	347,908
Operating services	178,676	43,347	222,023
Supplies	66,288	55,667	121,955
Professional services	120,169	2,200	122,369
Guarantees	30,000		30,000
Scholarships	721,242	16,469	737,711
Other charges	1,021	29,925	30,946
Equipment	8,664	13,698	22,362
Total expenditures	<u>2,600,258</u>	<u>289,853</u>	<u>2,891,111</u>
<b>EXCESS OF EXPENDITURES OVER REVENUES</b>	<u>NONE</u>	<u>(\$1,736)</u>	<u>(\$2,736)</u>

The accompanying notes are an integral part of this statement.

## UNAUDITED

### ATHLETIC DEPARTMENT NICHOLLS STATE UNIVERSITY STATE OF LOUISIANA

Notes to the Financial Statement  
For the Year Ended June 30, 2000

#### INTRODUCTION

Nicholls State University is a publicly supported institution of higher education. The university is a component unit of the State of Louisiana within the executive branch of government. The Nicholls State University Athletic Department, which operates the Intercollegiate Athletics Program, is a part of Nicholls State University. The accompanying financial statement presents information only as to the transactions of the Nicholls State University Athletic Department.

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. FUND ACCOUNTING

To observe limitations and restrictions placed on the use of available resources, the accounts of Nicholls State University are maintained in accordance with the principles of fund accounting. Such principles prescribe the manner in which resources for various purposes are classified, for accounting and reporting purposes, into funds that are in accordance with the activities or specified objectives. Accounts are maintained for the transactions of the athletic department as follows:

##### **Current Funds - Unrestricted**

Unrestricted current funds include all funds for operating purposes on which there are no restrictions, except the budgetary control included in the annual legislative appropriation act, and include the Auxiliary Enterprise Fund. The Auxiliary Enterprise Fund includes the accounts of the athletic department.

##### **Agency Funds**

This fund group represents funds for which the university acts as custodian or fiscal agent on behalf of others, such as contributions and in-kind contributions of the athletic department.

##### B. BASIS OF ACCOUNTING

The accounts of the athletic department are maintained on the accrual basis of accounting as follows:

**UNAUDITED**

**ATHLETIC DEPARTMENT  
NICHOLLS STATE UNIVERSITY  
STATE OF LOUISIANA**

Notes to the Financial Statement (Continued)

**Revenues**

Substantially all revenues are recognized when earned.

**Expenditures**

Expenditures are recognized under the accrual basis of accounting when incurred, except that (1) depreciation is not recognized, and (2) summer school fees and faculty salaries and related benefits for June are not prorated but are deferred to the succeeding year.

**C. EMPLOYEE COMPENSATED ABSENCES**

Employees of the university working in the athletic department earn annual and sick leave in accordance with state law and administrative regulations.

**D. TOTAL COLUMN ON STATEMENT**

The total column on Statement A is captioned Memorandum Only (overview) to indicate that it is presented only to facilitate financial analysis. Data in this column does not present results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**2. CONTRIBUTIONS EXCEEDING TEN PERCENT  
OF TOTAL CONTRIBUTIONS**

Nicholls State University received four contributions for Corporate Sponsorships totaling \$39,020 for the year ended June 30, 2000, which exceeded 10% (\$8,036) of total contributions made to the athletic department, as follows:

<u>Corporate Sponsorship</u>	<u>Amount</u>
First American Bank	\$8,500
Thibodaux Medical Center	10,500
Mobile Tel	10,000
State Farm	10,020



**ATHLETIC DEPARTMENT  
NICHOLLS STATE UNIVERSITY  
STATE OF LOUISIANA**  
Notes to the Financial Statement (Continued)

**3. PENSION PLANS**

*Plan Description.* Substantially all employees of the athletic department are members of the Louisiana State Employees Retirement System (LASERS) or the Louisiana Teachers Retirement System (TRS). Both plans are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. TRS and LASERS provide retirement, disability, and survivor's benefits to plan members and beneficiaries. Benefits granted by the retirement systems are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974. Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service. Article 10, Section 29 of the Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual publicly available financial reports that include financial statements and required supplementary information for the systems. The reports may be obtained by writing to the Teachers Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446 and/or the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

*Funding Policy.* The contribution requirements of plan members and the athletic department are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in Louisiana Revised Statute (R.S.) 11:102. Employees contribute 8% (TRS) and 7.5 % (LASERS) of covered salaries. The state is required to contribute 15.2% of covered salaries to TRS and 12.3% of covered salaries to LASERS. The athletic department's employer contributions to TRS for the years ended June 30, 2000, 1999, and 1998, were \$50,950, \$57,722, and \$45,306, respectively, and to LASERS for the years ended June 30, 2000, 1999, and 1998, were \$12,402, \$12,877, and \$12,272, respectively, equal to the required contributions for each year.

**4. OPTIONAL RETIREMENT SYSTEM**

R.S. 11:921 created an optional retirement plan for academic and administrative employees of public institutions of higher education. This program will aid the athletic department in recruiting employees who may not be expected to remain in the TRS for 10 or more years. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants.

**ATHLETIC DEPARTMENT  
NICHOLLS STATE UNIVERSITY  
STATE OF LOUISIANA**

Notes to the Financial Statement (Continued)

The optional retirement plan is a defined contribution plan that provides for full and immediate vesting of all contributions remitted to the participating companies on behalf of the participants. Eligible employees make an irrevocable election to participate in the optional retirement plan rather than the TRS and purchase retirement and death benefits through contracts provided by designated companies.

Contributions by the athletic department are 15.2% of the covered payroll. The participant's contribution (8%), less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRS pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution, determined actuarially. The TRS retains the balance of the employer contribution for application to the unfunded accrued liability of the system. Benefits payable to participants are not the obligation of the State of Louisiana or the TRS. Such benefits and other rights of the optional retirement plan are the liability and responsibility solely of the designated company or companies to whom contributions have been made.

Employer contributions to the optional retirement plan totaled \$75,791, \$70,265, and \$66,876, respectively, for the years ended June 30, 2000, 1999, and 1998.

**5. OUTSIDE ORGANIZATION CREATED FOR  
OR IN BEHALF OF THE NICHOLLS STATE  
UNIVERSITY INTERCOLLEGIATE ATHLETICS  
PROGRAM**

The Nicholls Colonel Club is the only outside organization created for or in behalf of the Nicholls State University Intercollegiate Athletics Program. The accounts for this club are maintained within the Nicholls State University Foundation, Incorporated, which is a separate corporation whose financial statements were audited by independent certified public accountants for the year ended June 30, 2000.

Included in the Statement of Revenues and Expenditures (Statement A) is \$53,765 in direct payments provided to the athletic program by the Nicholls Colonel Club. Except for these funds received by the university, the funds of Nicholls Colonel Club and the Nicholls State University Foundation, Incorporated, are not under the accounting control of the university and are not included in Statement A.



UNAUDITED

**ATHLETIC DEPARTMENT  
NICHOLLS STATE UNIVERSITY  
STATE OF LOUISIANA**  
Notes to the Financial Statement (Concluded)

**6. CONTRIBUTIONS (GIFTS IN-KIND)  
FROM OUTSIDE ORGANIZATION**

In addition to the direct payments mentioned in note 5, Statement A includes expenditures made for or in behalf of the athletic department by the Nicholls Colonel Club as follows:

Travel	\$7,000
Operating services	23,500
Supplies	1,000
Equipment	<u>3,000</u>
Total	<u><u>\$34,500</u></u>